

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 ACDA-12 /105 W  
-----084822 031210Z /21

R 030934Z APR 78  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 2348  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 1 OF 2 THE HAGUE 1757

ALSO PASS USEEC, USOECD

E.O. 11652: GDS  
TAGS: PGOV, ELAB, EIND  
SUBJECT: VAN AGT GOVERNMENT IN FIRST MAJOR CLASH WITH DUTCH  
LABOR; SHIPBUILDING AND HEAVY ENGINEERING RESTRUCTURING  
AT ISSUE

REF: 77 THE HAGUE 1422

SUMMARY: GOOD FAITH BUT UNFORTUNATE TIMING HAVE BROUGHT  
THE VAN AGT GOVERNMENT INTO ITS FIRST MAJOR CLASH WITH  
ORGANIZED LABOR. OPPOSITION LEADER DEN UYL CLAIMS THIS IS  
WAR, THE CASUS BELLI BEING THE GOVERNMENT'S ANNOUNCEMENT OF  
PLANS TO RESTRUCTURE THE TROUBLED SHIPBUILDING AND HEAVY  
ENGINEERING INDUSTRY, RESULTING IN THE LOSS OF 6,000 JOBS.  
THE MARCH 29 PROVINCIAL ELECTIONS MAY HAVE PRECIPITATED THE  
STRONG LABOR REACTION. PERSONAL RELATIONSHIPS BETWEEN  
THE MINISTER OF SOCIAL KFURS AND TRADE UNION LEADERS, HOW-  
EVER, REMAIN FAIRLY GOOD FOR NOW. END SUMMARY.

1. THE GOVERNMENT'S ANNOUNCEMENT LAST WEEK OF A PLAN TO  
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RESTRUCTURE THE DUTCH SHIPBUILDING AND HEAVY ENGINEERING IN-  
DUSTRY HAS BROUGHT THE GOVERNMENT INTO WHAT OPPOSITION LEADER  
DEN UYL TERMED OPEN "WARFARE" WITH THE TRADE UNION MOVEMENT.  
THE PLAN WHICH CALLS FOR AN INJECTION OF 950 MILLION GUILDERS  
(OR ABOUT \$440 MILLION) IN GOVERNMENT FUNDS WOULD ALSO ENTAIL  
THE LOSS OF 6,000 JOBS -- SOME TWO TO FOURTHOUSAND PERSONS TO  
BE EMPLOYED ELSEWHERE IN THE INDUSTRIES, THE REMAINING 2,000

HOPEFULLY TO BE PLACED OUTSIDE. ABOUT 4,000 OF THE JOBS WOULD BE IN THE SHIPBUILDING INDUSTRY, THE REMAINDER IN HEAVY ENGINEERING.

2. THE SOCIALIST TRADE UNION (NVV), THE CATHOLIC NKV. THE PROTESTANT CNV AND THE INDEPENDENT BLHP (SENIOR MANAGERIAL STAFF) HAVE PRESENTED A COMMON 7-POINT DEMAND TO THE MANAGEMENT OF THE VMF STORK ENGINEERING FIRM, ONE OF THE COMPANIES AFFECTED BY THE GOVERNMENT'S PLKS. THE MAIN OBJECTIVES OF THE UNIONS' DEMANDS ARE A GUARANTEE OF NO DISMISSALS UNTIL 1981 AND ASSURANCE THAT EMPLOYMENT WOULD NOT BE PERMITTED TO DECLINE BY MORE THAN FIVE PERCENT THROUGH "WASTAGE" (QUITS, RETIREMENTS, ETC.). DEN UYL'S USE OF THE TERM "WAR" ASSUMED SOME MEANING WHEN FNV PRESIDENT WIM KOK LAUNCHED A SHARP PERSONAL ATTACK ON SOCIAL AFFAIRS MINISTER ALBEDA (EX-TRADE UNION-CNV-OFFICIAL), ACCUSING HIM OF HAVING FAILED TO CONSULT LABOR AND, IN EFFECT, OF ABANDONING THE WORKING CLASS BY HAVING ACCEPTED A POST IN A CENTER-RIGHT CABINET. GOVERNMENT COUNTERED MARCH 28, PROFESSING A DESIRE FOR CONTINUED DIALOGUE AND INVITING MANAGEMENT AND LABOR TO AN APRIL 4 MEETING TO DISCUSS THE AFFAIR. THE LETTER OF INVITATION FROM THE MINISTERS OF SOCIAL AND ECONOMIC AFFAIRS MADE IT CLEAR THAT JOB LOSSES WOULD BE HELD TO A MINIMUM, WITH FORCED DISMISSALS AVOIDED AS FAR AS POSSIBLE.

COMMENT: THE PROPOSAL TO REORGANIZE THE SHIPBUILDING INDUSTRY  
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IS SIMILAR TO THAT PUT FORWARD BY THE DEN UYL CABINET ONE YEAR AGO (77 THE HAGUE 1422). THE EARLIER PROPOSAL CALLED FOR A 30-PERCENT CUT IN CAPACITY WHICH WOULD ELIMINATE 6,500 OF THE SHIPBUILDING INDUSTRY'S 22,500 JOBS OVER A PERIOD OF THREE YEARS. FORMER ECONOMIC MINISTER LUBBERS WARNED THEN THAT AS MUCH AS A 50 PERCENT CUT MIGHT BE NECESSARY. THE VAN AGT CABINET'S PROPOSAL INCORPORATES THE 50 PERCENT SCENARIO, INCORPORATES THE HEAVY ENGINEERING INDUSTRY AND GETS DOWN TO SPECIFICS OF FIRMS AFFECTED AND AMOUNTS TO BE SPENT.

4. THE MOTIVE FOR THE CRITICISM WAS PARTLY POLITICAL. THE OPPOSITION PARTIES SEIZED ON AN OPPORTUNITY TO PICTURE THE VAN AGT CABINET AS PRO-BUSINESS AND ANTI-LABOR, HOPING TO FIND AN ISSUE TO BRING WORKERS TO THE POLLS IN THE MARCH 29 PROVINCIAL ELECTIONS. LABOR PARTY RHETORIC AND THE SPECIAL GATHERING OF PARLIAMENT DEMANDED BY THE PVDA DURING EASTER RECESS TO DEBATE THE PROPOSAL UNDERLINE THE POLITICAL MOTIVATION. HOWEVER, THE PVDA WAS REPRESENTING A GENUINE UNION GRIEVANCE. THE GOVERNMENT'S PLAN WAS BASED ON STUDIES AND REPORTS BY THE TRIPARTITE SHIPBUILDING POLICY COMMITTEE COMPOSED OF GOVERNMENT, BUSINESS AND LABOR, BUT THE LABOR REPRESENTATIVES MADE KNOWN FROM THE BEGINNING THEIR OPPOSITION TO FORCED DIS-

MISSALS.

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C O N F I D E N T I A L SECTION 2 OF 2 THE HAGUE 1757

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5. THE MOST IMPORTANT DIFFERENCE WITH THE EARLIER SHIPBUILDING INDUSTRY PLAN IS THE EXTENT TO WHICH THE STATE WILL PARTICIPATE IN THE OWNERSHIP OF COMPANIES. THE STATE SHARE WILL AMOUNT TO 40 PERCENT IN RIJN-SCHELDE-VEROLME (RSV), THE NETHERLANDS LARGEST SHIPBUILDER, WHICH WILL PULL OUT OF INDUSTRIAL EQUIPMENT ALTOGETHER, 49 PERCENT STORK-WERKSPoor DIESEL, AFTER IT IS DETACHED FROM THE PARENT CONCERN, VERENIGD MACHINE FABRIEK (VMF), AND 48 PERCENT IN A NEW COMPANY TO BE FORMED FROM THE DREDGER BUILDING DIVISION OF IHC GUSTO. NEARLY 90 PERCENT OF THE 950 MILLION GUILDER PACKAGE WILL GO INTO FOUR FIRMS: RSV, VMF-STORK, IHC AND VAN DER GIESSEN.

6. SINCE THE ANNOUNCEMENT OCCURRED VIRTUALLY ON THE EVE OF THE PROVINCIAL ELECTIONS, THE QUESTION ARISES WHY THE GOVERNMENT SELECTED THAT PARTICULAR TIME TO GO PUBLIC WITH A PLAN FOR JOB CUTS. SOCIAL AFFAIRS MINISTER ALBEDA, IN CONVERSATION WITH LABATT OFFERED THE EXPLANATION THAT GOVERNMENT'S HAND WAS FORCED. TWO OF THE FIRMS INVOLVED HAD REACHED A POINT WHERE GOVERNMENT SUPPORT HAD EITHER TO BE ANNOUNCED OR THE FIRMS CONCERNED WOULD HAVE BEEN FORCED TO A PUBLIC ADMISSION OF  
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INSOLVENCY. ALBEDA SAID FURTHER THAT THE FNV HAD SOMEHOW  
COME INTO POSSESSION OF CONFIDENTIAL CABINET DOCUMENTS OUTLINING  
THE PLAN AND LEAKED THE INFORMATION TO A CRITICAL PRESS WHICH  
ANTICIPATED AND FOILED WHAT APPARENTLY WAS TO HAVE BEEN A  
GOVERNMENT CLAIM OF "40,000 JOBS SAVED." NOT QUTE PREPARED  
TO DISMISS THESE EVENTS AS SIMPLY POLITICAL ANTICS STAGED  
FOR ELECTORAL EFFECT, ALBEDA WONDERED ALOUD WHETHER THEY MIGHT  
NOT ALSO SIGNAL A HARDENING LABOR OPPOSITION. HE ADDED,  
HOWEVER, THAT -- AS OF NOW -- HE REMAINS ON FAIRLY GOOD  
PERSONAL TERMS WITH KOK AND THE OTHER TRADE UNION LEADERS.  
BROWN

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## Message Attributes

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